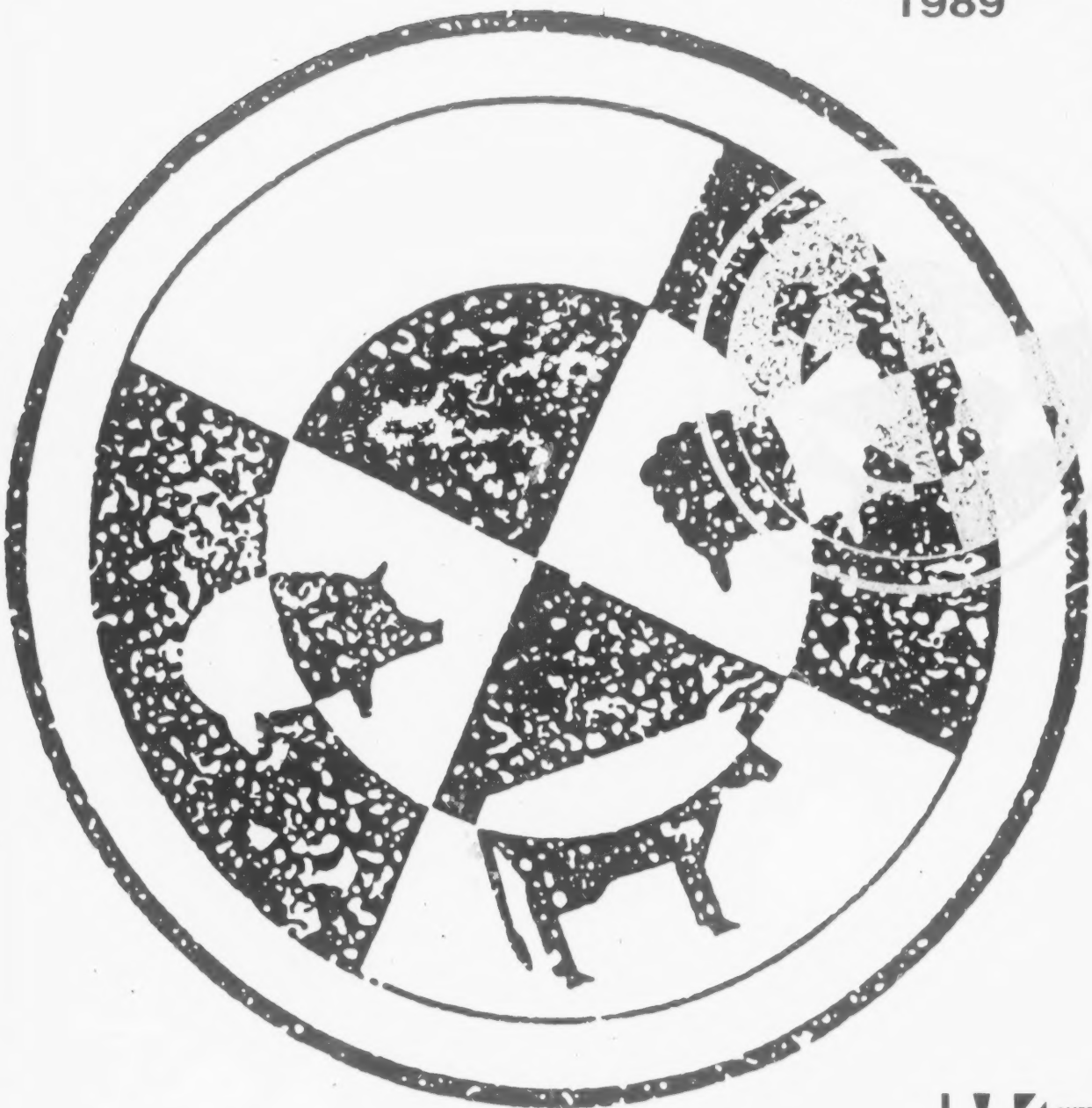
MEAT INDUSTRY

Financial Operating Survey 1989



AMI AMERICAN MEAT INSTITUTE

MEAT INDUSTRY
FINANCIAL OPERATING SURVEY
- 1989 -

A national survey
prepared for participating companies
as a member service by the

Economic Research Department

AMERICAN MEAT INSTITUTE
1700 North Moore Street
Arlington, Virginia 22209
(703) 841-2400

INTRODUCTION

The American Meat Institute has conducted a financial survey of the meat industry every year since 1947. The purpose of these surveys has been to develop a series of annual reports on the meat industry's financial condition, with emphasis on costs and profitability.

Most of AMI's past financial reports have focused on the overall industry, with little detail available on individual industry sectors. Because these reports were so broad in scope, they didn't meet many of the financial information needs of the individual companies participating in the surveys. Starting in 1985, both the focus and format of AMI's industry financial reports changed to better address some of those needs.

This year's report is the fourth under the new format. The tables on the following pages summarize various financial operating results of meat companies in 1989, with comparisons to 1988 in some cases. The data is individualized for your company and presented in a way that enables you to compare your company's figures directly with those of other companies of similar size engaged in similar operations.

Industry participation in AMI's financial surveys has declined markedly in the last two years. Reasons for the lower participation rate are varied, but their net effect has been to reduce the representational coverage of the summary data in this report. Of particular concern is the lack of coverage in the Packer/Processor category (companies that slaughter livestock but primarily sell processed items). There were no companies in this category with sales greater than $100 million, only two in the $25-$100 million sales range, and only 4 in the under $25 million sales range. Similarly, reported averages in the Packer category (companies that slaughter and primarily sell fresh meat) do not include the results of the three or four companies that are generally regarded as the country's major packers. Participation by companies in the Processor category (companies that do not slaughter) was very good, however, and their summary statistics are believed to accurately reflect financial conditions of this sector of the meat industry.

INDEX OF TABLES

The following tables report participant averages in the form of percentages or ratios. No dollar figures are shown, nor any individual company data. Your company's figures in the right hand column of the relevant tables are only being released to you.

Sales Dollar Breakdown - Two Year Participant Summaries

Table 1 - Sales Dollar Breakdown, All Participants, 1988-89
Table 2 - Sales Dollar Breakdown by Company Type, 1988-89
Table 3 - Sales Dollar Breakdown by Species Slaughtered, 1988-89

Sales Dollar Breakdown

Table 4 - 1989 Sales Dollar Breakdown by Company Type
Table 5 - 1989 Sales Dollar Breakdown by Company Sales
Table 6 - Breakdown of Packers' and Packer/Processors' 1989 Sales Dollar by Species Slaughtered
Table 7 - Breakdown of Hog Packers' and Packer/Processors' 1989 Sales Dollar by Percent of Fresh Meat Sales

Sales and Profits by Product Category; Cost of Goods Sold; and Food Service Sales

Table 8 - Breakdown of 1989 Sales and Profits by Product Category
Table 9 - Breakdown of Cost of Goods Sold, 1989
Table 10 - Sales to Food Service as Percent of Total Sales, 1989

Earnings Ratios

Table 11 - 1989 Earnings Ratios

Current Ratio, Working Capital and Cash Flow

Table 12 - Ratio of Current Assets to Current Liabilities, 1989
Table 13 - Percentage Breakdown of Current Assets, 1989
Table 14 - Ratio of Cash and Receivables to Current Liabilities, 1989
Table 15 - Ratio of Sales to Working Capital, 1989
Table 16 - Ratio of Inventory to Working Capital, 1989
Table 17 - Ratio of Receivables to Working Capital, 1989

Table 18 - Average Collection Period in Days, 1989
Table 19 - Pre-Tax Earnings and Depreciation as Percent of Sales, 1989
Table 20 - Depreciation as Percent of Pre-Tax Earnings, 1989

Sales and Net Worth Ratios

Table 21 - Ratio of Sales to Net Worth, 1989
Table 22 - Ratio of Sales to Total Assets, 1989
Table 23 - Ratio of Sales to Fixed Assets, 1989
Table 24 - Ratio of Sales to Inventory, 1989
Table 25 - Net Worth as Percent of Total Assets, 1989
Table 26 - Ratio of Fixed Assets to Net Worth, 1989
Table 27 - Ratio of Liabilities to Net Worth, 1989

Other Expenses and Expenditures

Table 28 - Selling and Administrative Expenses as Percent of Sales, 1989
Table 29 - Repairs and Maintenance Expenses as Percent of Sales, 1989
Table 30 - Advertising and Promotion Expenses as Percent of Sales, 1989
Table 31 - Breakdown of Advertising and Promotion Expenses, 1989
Table 32 - Capital Expenditures as Percent of Sales, 1989
Table 33 - Capital Expenditures as Percent of Fixed Assets, 1989
Table 34 - Production Labor as Percent of Total Wages and Salaries, 1989
Table 35 - Production Employees as Percent of Total Employees, 1989
Table 36 - Sales per Employee, 1989
Table 37 - Sales per Labor Dollar, 1989
Table 38 - Employee Benefits as Percent of Total Labor Costs, 1989

Company Rankings

Participants are Ranked by Pre-Tax Earnings to Sales. Your company's figures are highlighted with a double asterisk.

Sales Dollar Breakdown - Two-Year Participant Summaries

Sales - Participant sales rose an overall 3.5 percent between 1988 and 1989. Sales for packer/processors were up 13.8 percent, packer sales 4.4 percent and processor sales 2.9 percent.

Cost of Goods Sold - Rising faster than sales during the year and led by higher costs for supplies and containers, participants' cost of goods sold rose 4.1 percent in 1989. Supplies and containers were up 9.9 percent, production labor 6.1 percent, and the cost of livestock and/or meat materials 3.4 percent.

By participant category, packer/processors had the largest increase in cost of goods sold: an average 9.2 percent. They spent 12.0 percent more on production labor in 1989 than in 1988, 11.7 percent more on supplies and containers, and 8.0 percent more on livestock. Packers' cost of sales rose 5.1 percent, with livestock up 4.7 percent, production labor up 6.2 percent, and supplies and containers up 14.7 percent. Processors saw their costs of goods sold rise 3.4 percent during the year, with meat costs up 2.3 percent, supplies and containers up 8.9 percent, and production labor up 5.9 percent.

Gross Margins - The average gross margin for all participants declined from 23.1 percent in 1988 to 22.7 percent in 1989. Packers, who typically have the tightest grosses in the industry, saw their operating margins drop a half a percentage point in 1989 to 10.2 percent; this half point smaller percentage gross translated to a 1.2 percent smaller dollar gross. Processors also saw their margins tighten, from 29.5 percent to 29.2, but their dollar gross was up 1.8 percent. Packer/processors, however, increased their gross from 32.2 percent to just under 35; in dollar terms, this translated to a 23.4 percent increase.

Other Expenses - Participants spent an average 21.2 percent more on general and administrative insurance in 1989, the largest increase in any cost item during the year. As a percent of sales, insurance costs rose from .27 in 1988 to .32 in 1989. Notable increases were also posted for rents and employee benefits during the year.

Earnings - Pre-tax earnings for all participants averaged 4.17 percent in 1989, down from 4.62 the previous year. In dollar terms, participant earnings were off an aggregate 6.7 percent despite 3.5 percent higher sales. Income taxes took a smaller bite of profits during the year, falling from an effective rate of 34 percent to 33 percent. Although relatively minor, this tax relief was enough to limit the 6.7 percent pre-tax drop in dollar earnings to only 5 percent on an after-tax basis. Relative to sales, the bottom line return for all participants averaged 2.80 percent in 1989, down from 3.05 percent a year earlier.

By participant category, pre-tax earnings improved substantially for packer/processors in 1989. After-tax earnings for this group rose from a negative 1.58 percent in 1988 to a positive 1.02 percent in 1989.

Packers and processors, on the other hand, both saw their pre-tax earnings decline between 1988 and 1989: for packers, from 2.40 percent of sales to 1.47; for processors, from 5.86 percent to 5.63. The decline in packer earnings was compounded by a slightly higher effective tax rate during the year, resulting in after-tax earnings for this group falling from 1.99 percent of sales in 1988 to 1.18 in 1989. In dollar terms, net profits for packers were off 38.1 percent on 4.4 percent higher sales. Unlike packers, processors saw their effective tax rate fall somewhat during the year, resulting in net returns rising marginally from 3.68 percent of sales to 3.69. Net dollar profits for processors rose 3.3 percent in 1989 on 2.9 percent higher sales.

By species slaughtered, cattle packers and packer/processors reported 11.1 percent larger sales in 1989. Higher sales were not enough to offset higher costs for livestock and supplies, however, and their gross narrowed from 6.67 percent of sales to 6.05. Pre-tax earnings for cattle packers fell from .80 percent of sales in 1988 to .35 in 1989; their bottom line from .56 to .16 percent. In dollar terms, beef packers' earnings were off by more than two-thirds during the year.

Pork packers and processors reported a 3.2 percent drop in sales during 1989. The decline reflected lower livestock costs during the year, which also resulted in the average gross margin for these participants rising from 16.4 percent of sales to 16.7. Costs for everything else, however, rose during the year, leaving pork packers with a pre-tax return of 3.07 percent on sales, down from 4.54 a year earlier. After-tax earnings for this group averaged 2.6 percent of sales, down from 3.82 in 1989. In dollar terms, net earnings for pork packers were off by more than a third from 1988.

AMERICAN MEAT INSTITUTE

TABLE 1

SALES DOLLAR BREAKDOWN, ALL PARTICIPANTS, 1988 and 1989

	1988	1989	POINT CHANGE	% CHANGE in DOLLARS
81 Companies				
TOTAL SALES	100.00%	100.00%		+3.54
COST OF LIVESTOCK/RAW MATERIALS	64.13	64.01	-.12	+3.35
SUPPLIES & CONTAINERS	6.50	6.90	.40	+9.86
PRODUCTION LABOR	6.24	6.39	.15	+6.08
COST OF GOODS SOLD	76.86	77.30	.43	+4.12
GROSS MARGIN	23.14	22.70	-.43	+1.61
OTHER EXPENSES:				
OTHER WAGES AND SALARIES	3.89	3.86	-.02	+2.91
EMPLOYEE BENEFITS:				
RETIREMENT EXPENSE	.30	.31	.01	+5.92
PAYROLL TAXES	.92	1.02	.10	+14.80
INSURANCE & HOSPITALIZATION	1.05	1.18	.13	+16.43
ALL OTHER BENEFITS	.75	.80	.05	+9.85
TOTAL BENEFITS	3.02	3.30	.28	+13.24
INTEREST	.39	.42	.03	+12.12
DEPRECIATION	1.25	1.23	-.02	+2.21
RENTS	.32	.37	.04	+17.76
GENERAL/ADMINISTRATIVE INSURANCE	.27	.32	.05	+21.19
TAXES*	.19	.19	.00	+5.38
ALL OTHER EXPENSES	9.18	8.84	-.35	-.35
TOTAL EXPENSES	95.38	95.83	.46	+4.04
EARNINGS BEFORE TAXES	4.62	4.17	-.46	-6.69
INCOME TAXES	1.57	1.37	-.21	-9.97
NET EARNINGS	3.05	2.80	-.25	-5.00

* Other than Social Security and Income Tax

AMERICAN MEAT INSTITUTE

TABLE 2

SALES DOLLAR BREAKDOWN BY COMPANY TYPE, 1988 and 1989

	PACKER/PROCESSORS			
	1988	1989	POINT CHANGE	% CHANGE in DOLLARS
5 Companies				
TOTAL SALES	100.00%	100.00%		+13.76
COST OF LIVESTOCK/RAW MATERIALS	47.28	44.90	-2.39	+8.02
SUPPLIES & CONTAINERS	12.25	12.02	-.23	+11.66
PRODUCTION LABOR	8.23	8.10	-.13	+11.97
COST OF GOODS SOLD	67.76	65.02	-2.74	+9.16
GROSS MARGIN	32.24	34.98	2.74	+23.43
OTHER EXPENSES:				
OTHER WAGES AND SALARIES	6.97	7.22	.25	+17.87
EMPLOYEE BENEFITS:				
RETIREMENT EXPENSE	.52	.42	-.11	-9.69
PAYROLL TAXES	1.35	1.54	.19	+30.05
INSURANCE & HOSPITALIZATION	1.31	1.36	.05	+17.70
ALL OTHER BENEFITS	.34	.42	.08	+39.70
TOTAL BENEFITS	3.53	3.73	.21	+20.48
INTEREST	.99	1.14	.14	+30.00
DEPRECIATION	3.44	3.16	-.27	+4.75
RENTS	.72	1.10	.38	+73.20
GENERAL/ADMINISTRATIVE INSURANCE	.35	.43	.08	+39.66
TAXES*	.22	.18	-.04	-5.63
ALL OTHER EXPENSES	15.96	15.64	-.32	+11.46
TOTAL EXPENSES	99.93	97.62	-2.31	+11.12
EARNINGS BEFORE TAXES	.07	2.38	2.31	Lg.+
INCOME TAXES	1.65	1.37	-.29	-5.90
NET EARNINGS	-1.58	1.02	2.60	-173.30

* Other than Social Security and Income Tax

AMERICAN MEAT INSTITUTE

TABLE 2 (Continued)

SALES DOLLAR BREAKDOWN BY COMPANY TYPE, 1988 and 1989

PACKERS

	1988	1989	POINT CHANGE	% CHANGE in DOLLARS
28 Companies				
TOTAL SALES	100.00%	100.00%		+4.40
COST OF LIVESTOCK/RAW MATERIALS	82.11	82.32	.21	+4.67
SUPPLIES & CONTAINERS	2.93	3.22	.29	+14.73
PRODUCTION LABOR	4.22	4.30	.07	+6.24
COST OF GOODS SOLD	89.26	89.84	.58	+5.08
GROSS MARGIN	10.74	10.16	-.58	-1.23
OTHER EXPENSES:				
OTHER WAGES AND SALARIES	2.03	2.08	.05	+6.92
EMPLOYEE BENEFITS:				
RETIREMENT EXPENSE	.13	.14	.00	+7.46
PAYROLL TAXES	.57	.58	.01	+5.56
INSURANCE & HOSPITALIZATION	.60	.65	.05	+12.43
ALL OTHER BENEFITS	.31	.36	.04	+18.69
TOTAL BENEFITS	1.62	1.72	.10	+10.81
INTEREST	.39	.44	.05	+16.55
DEPRECIATION	.65	.68	.04	+10.25
RENTS	.08	.18	.10	+138.46
GENERAL/ADMINISTRATIVE INSURANCE	.46	.55	.10	+26.36
TAXES*	.07	.08	.01	+20.25
ALL OTHER EXPENSES	3.04	2.97	-.08	+1.72
TOTAL EXPENSES	97.60	98.53	.94	+5.40
EARNINGS BEFORE TAXES	2.40	1.47	-.94	-36.31
INCOME TAXES	.41	.29	-.13	-27.69
NET EARNINGS	1.99	1.18	-.81	-38.11

* Other than Social Security and Income Tax

AMERICAN MEAT INSTITUTE

TABLE 2 (Continued)

SALES DOLLAR BREAKDOWN BY COMPANY TYPE, 1988 and 1989

	PROCESSORS			
	1988	1989	POINT CHANGE	% CHANGE in DOLLARS
48 Companies				
TOTAL SALES	100.00%	100.00%		+2.94
COST OF LIVESTOCK/RAW MATERIALS	54.93	54.57	-.36	+2.26
SUPPLIES & CONTAINERS	8.28	8.77	.48	+8.91
PRODUCTION LABOR	7.27	7.48	.21	+5.92
COST OF GOODS SOLD	70.49	70.82	.33	+3.42
GROSS MARGIN	29.51	29.18	-.33	+1.78
OTHER EXPENSES:				
OTHER WAGES AND SALARIES	4.81	4.76	-.06	+1.69
EMPLOYEE BENEFITS:				
RETIREMENT EXPENSE	.39	.40	.01	+5.96
PAYROLL TAXES	1.09	1.24	.15	+17.04
INSURANCE & HOSPITALIZATION	1.28	1.46	.18	+17.40
ALL OTHER BENEFITS	.99	1.04	.05	+8.21
TOTAL BENEFITS	3.75	4.14	.39	+13.69
INTEREST	.38	.41	.02	+9.01
DEPRECIATION	1.53	1.49	-.04	+.34
RENTS	.45	.46	.01	+5.48
GENERAL/ADMINISTRATIVE INSURANCE	.18	.20	.02	+13.60
TAXES*	.25	.25	.00	+3.33
ALL OTHER EXPENSES	12.31	11.85	-.45	-.86
TOTAL EXPENSES	94.14	94.37	.22	+3.18
EARNINGS BEFORE TAXES	5.86	5.63	-.22	-1.01
INCOME TAXES	2.18	1.94	-.24	-8.25
NET EARNINGS	3.68	3.69	.01	+3.29

* Other than Social Security and Income Tax

AMERICAN MEAT INSTITUTE

TABLE 3

SALES DOLLAR BREAKDOWN BY SPECIES SLAUGHTERED, 1988 and 1989

	CATTLE PACKERS AND PACKER/PROCESSORS			
	1988	1989	POINT CHANGE	% CHANGE in DOLLARS
15 Companies				
TOTAL SALES	100.00%	100.00%		+11.10
COST OF LIVESTOCK/RAW MATERIALS	88.63	89.20	.57	+11.82
SUPPLIES & CONTAINERS	1.91	2.00	.08	+16.00
PRODUCTION LABOR	2.79	2.75	-.04	+9.33
COST OF GOODS SOLD	93.33	93.95	.61	+11.83
GROSS MARGIN	6.67	6.05	-.61	+.88
OTHER EXPENSES:				
OTHER WAGES AND SALARIES	1.51	1.54	.03	+13.03
EMPLOYEE BENEFITS:				
RETIREMENT EXPENSE	.04	.04	.00	+1.99
PAYROLL TAXES	.34	.35	.01	+14.37
INSURANCE & HOSPITALIZATION	.28	.28	.00	+11.94
ALL OTHER BENEFITS	.08	.11	.03	+51.99
TOTAL BENEFITS	.74	.77	.04	+16.79
INTEREST	.36	.37	.01	+14.41
DEPRECIATION	.53	.45	-.08	-4.73
RENTS	.07	.06	.00	+3.25
GENERAL/ADMINISTRATIVE INSURANCE	.23	.23	.00	+10.69
TAXES*	.04	.05	.01	+42.54
ALL OTHER EXPENSES	2.39	2.22	-.17	+3.36
TOTAL EXPENSES	99.20	99.65	.45	+11.61
EARNINGS BEFORE TAXES	.80	.35	-.45	-51.68
INCOME TAXES	.24	.19	-.05	-13.40
NET EARNINGS	.56	.16	-.40	-67.88

* Other than Social Security and Income Tax

AMERICAN MEAT INSTITUTE

TABLE 3 (Continued)

SALES DOLLAR BREAKDOWN BY SPECIES SLAUGHTERED, 1988 and 1989

	HOG PACKERS AND PACKER/PROCESSORS			
	1988	1989	POINT CHANGE	% CHANGE in DOLLARS
12 Companies				
TOTAL SALES	100.00%	100.00%		-3.16
COST OF LIVESTOCK/RAW MATERIALS	72.83	71.10	-1.73	-5.46
SUPPLIES & CONTAINERS	4.74	5.56	.82	+13.63
PRODUCTION LABOR	6.07	6.60	.53	+5.33
COST OF GOODS SOLD	83.64	83.26	-.38	-3.60
GROSS MARGIN	16.36	16.74	.38	-.90
OTHER EXPENSES:				
OTHER WAGES AND SALARIES	2.85	3.09	.24	+5.05
EMPLOYEE BENEFITS:				
RETIREMENT EXPENSE	.28	.30	.03	+6.68
PAYROLL TAXES	.89	.95	.06	+3.54
INSURANCE & HOSPITALIZATION	1.02	1.18	.16	+12.21
ALL OTHER BENEFITS	.61	.71	.10	+12.74
TOTAL BENEFITS	2.80	3.15	.35	+9.01
INTEREST	.44	.54	.10	+19.10
DEPRECIATION	.86	1.09	.23	+22.06
RENTS	.12	.40	.28	+223.99
GENERAL/ADMINISTRATIVE INSURANCE	.74	1.01	.28	+33.26
TAXES*	.11	.13	.02	+10.49
ALL OTHER EXPENSES	3.90	4.26	.36	+5.86
TOTAL EXPENSES	95.46	96.93	1.47	-1.66
EARNINGS BEFORE TAXES	4.54	3.07	-1.47	-34.57
INCOME TAXES	.72	.47	-.24	-36.27
NET EARNINGS	3.82	2.60	-1.23	-34.25

* Other than Social Security and Income Tax

Sales Dollar Breakdowns

(Sales dollar breakdowns in this section differ somewhat from those in the previous section. Tables 1-3 summarize data provided by 81 companies reporting two years of financial information. Tables 4-7 of this section as well as all subsequent tables summarize only data for 1989 provided by 89 companies. Note that the zeros in all instances where data are reported on packer/processors with sales greater than $100 million refer to no participation by companies in this category.)

Packer/processors reported the highest gross margin of all participant groups in 1989, over three times that for packers, who had the lowest. At 45.7 percent, packer/processors' cost of livestock accounted for the smallest share of the sales dollar of all participant groups, but their supplies and production labor relative to sales were the highest.

Processors reported the highest net return on sales, about three times that for packers and packer/processors. Processors with sales above $100 million had grosses and net returns well above those for smaller companies. By comparison, the largest packers in the survey had narrower gross margins than their smaller counterparts, but their bottom line was the highest in their category.

By species slaughtered, beef packers had gross margins not quite a third that of pork packers. Tighter grosses for beef packers resulted primarily from their livestock costs accounting for a significantly higher share of sales than was the case for pork packers. Beef packers' costs of supplies and production labor relative to sales, however, were well below those for pork packers. Differences in livestock costs, supplies and labor between beef and pork packers typically reflect the higher value-added component of pork, two-thirds of which is generally marketed in a processed form.

The disparity in gross margins between beef and pork widened even more after accounting for all costs, resulting in a bottom line return on sales for pork packers about 15 times that for beef packers.

Pork packers engaged primarily in the sale of fresh meat not surprisingly had gross margins considerably smaller than those whose sales were comprised more heavily of processed meats. What was surprising, though, was that the bottom line for pork packers selling mostly fresh meat was higher than for those selling mostly processed meat. This runs counter to industry trends reported in earlier financial surveys and may be a statistical aberration associated with this year's limited survey participation.

AMERICAN MEAT INSTITUTE

TABLE 4

1989 SALES DOLLAR BREAKDOWN BY COMPANY TYPE

ITEM	PACKER/ PROCESSORS	PACKERS	PROCESSORS	Your Company
TOTAL SALES	100.00%	100.00%	100.00%	100.00%
COST OF LIVESTOCK/RAW MATERIALS	45.72	81.94	55.08	
SUPPLIES & CONTAINERS	11.85	3.27	8.70	
PRODUCTION LABOR	7.97	4.42	7.40	
COST OF GOODS SOLD	65.54	89.63	71.19	
GROSS MARGIN	34.46	10.37	28.81	
OTHER EXPENSES:				
OTHER WAGES AND SALARIES	7.49	2.10	4.70	
EMPLOYEE BENEFITS:				
RETIREMENT EXPENSE	.37	.14	.39	
PAYROLL TAXES	1.50	.59	1.23	
INSURANCE & HOSPITALIZATION	1.28	.65	1.44	
ALL OTHER BENEFITS	.40	.44	1.02	
TOTAL BENEFITS	3.55	1.83	4.09	
INTEREST	1.02	.42	.40	
DEPRECIATION	3.06	.74	1.47	
RENTS	.96	.17	.45	
GENERAL/ADMINISTRATIVE INSURANCE	.57	.54	.20	
TAXES*	.21	.09	.24	
ALL OTHER EXPENSES	15.32	2.92	11.70	
TOTAL EXPENSES	97.72	98.44	94.44	
EARNINGS BEFORE TAXES	2.28	1.56	5.56	
INCOME TAXES	1.09	.34	1.92	
NET EARNINGS	1.19	1.22	3.64	

* Other than Social Security and Income Tax

AMERICAN MEAT INSTITUTE

TABLE 5

1989 SALES DOLLAR BREAKDOWN BY COMPANY SALES

	PACKER/PROCESSORS				
COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	Your Company
ITEM					
TOTAL SALES	100.00%	100.00%	100.00%	100.00%	100.00%
COST OF LIVESTOCK/RAW MATERIALS	.00	41.29	61.87	45.72	
SUPPLIES & CONTAINERS	.00	13.06	7.41	11.85	
PRODUCTION LABOR	.00	8.53	5.92	7.97	
COST OF GOODS SOLD	.00	62.89	75.20	65.54	
GROSS MARGIN	.00	37.11	24.80	34.46	
OTHER EXPENSES:					
OTHER WAGES AND SALARIES	.00	7.57	7.20	7.49	
EMPLOYEE BENEFITS:					
RETIREMENT EXPENSE	.00	.45	.10	.37	
PAYROLL TAXES	.00	1.56	1.25	1.50	
INSURANCE & HOSPITALIZATION	.00	1.36	.97	1.28	
ALL OTHER BENEFITS	.00	.51	.02	.40	
TOTAL BENEFITS	.00	3.88	2.33	3.55	
INTEREST	.00	.76	1.98	1.02	
DEPRECIATION	.00	2.56	4.88	3.06	
RENTS	.00	1.16	.22	.96	
GENERAL/ADMINISTRATIVE INSURANCE	.00	.54	.71	.57	
TAXES*	.00	.26	.00	.21	
ALL OTHER EXPENSES	.00	16.42	11.34	15.32	
TOTAL EXPENSES	.00	96.03	103.86	97.72	
EARNINGS BEFORE TAXES	.00	3.97	-3.86	2.28	
INCOME TAXES	.00	1.40	-.02	1.09	
NET EARNINGS	.00	2.57	-3.84	1.19	

AMERICAN MEAT INSTITUTE

TABLE 5 (Continued)

1989 SALES DOLLAR BREAKDOWN BY COMPANY SALES

COMPANY SALES SIZE (Mil. $)	PACKERS Over $250	$250-$50	Under $50	AVG.	Your Company
ITEM					
TOTAL SALES	100.00%	100.00%	100.00%	100.00%	100.00%
COST OF LIVESTOCK/RAW MATERIALS	83.27	81.06	78.08	81.94	
SUPPLIES & CONTAINERS	2.88	3.79	3.10	3.27	
PRODUCTION LABOR	3.98	4.68	5.90	4.42	
COST OF GOODS SOLD	90.13	89.53	87.08	89.63	
GROSS MARGIN	9.87	10.47	12.92	10.37	
OTHER EXPENSES:					
OTHER WAGES AND SALARIES	2.25	1.76	2.83	2.10	
EMPLOYEE BENEFITS:					
RETIREMENT EXPENSE	.07	.24	.13	.14	
PAYROLL TAXES	.56	.61	.61	.59	
INSURANCE & HOSPITALIZATION	.63	.68	.69	.65	
ALL OTHER BENEFITS	.43	.50	.26	.44	
TOTAL BENEFITS	1.69	2.03	1.68	1.83	
INTEREST	.47	.35	.51	.42	
DEPRECIATION	.58	.91	.88	.74	
RENTS	.24	.09	.10	.17	
GENERAL/ADMINISTRATIVE INSURANCE	.79	.25	.34	.54	
TAXES*	.06	.13	.12	.09	
ALL OTHER EXPENSES	2.22	3.19	5.91	2.92	
TOTAL EXPENSES	98.43	98.24	99.45	98.44	
EARNINGS BEFORE TAXES	1.57	1.76	.55	1.56	
INCOME TAXES	.05	.73	.20	.34	
NET EARNINGS	1.52	1.03	.35	1.22	

AMERICAN MEAT INSTITUTE

TABLE 5 (Continued)

1989 SALES DOLLAR BREAKDOWN BY COMPANY SALES

	PROCESSORS				
COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	Your Company
ITEM					
TOTAL SALES	100.00%	100.00%	100.00%	100.00%	100.00%
COST OF LIVESTOCK/RAW MATERIALS	52.18	66.89	59.83	55.08	____
SUPPLIES & CONTAINERS	9.09	6.76	9.74	8.70	____
PRODUCTION LABOR	7.86	5.38	7.41	7.40	____
COST OF GOODS SOLD	69.12	79.03	76.98	71.19	____
GROSS MARGIN	30.88	20.97	23.02	28.81	____
OTHER EXPENSES:					
OTHER WAGES AND SALARIES	4.78	4.42	4.36	4.70	____
EMPLOYEE BENEFITS:					
RETIREMENT EXPENSE	.41	.30	.55	.39	____
PAYROLL TAXES	1.34	.81	.97	1.23	____
INSURANCE & HOSPITALIZATION	1.50	1.22	1.29	1.44	____
ALL OTHER BENEFITS	1.17	.44	.85	1.02	____
TOTAL BENEFITS	4.40	2.77	3.65	4.09	____
INTEREST	.38	.42	.73	.40	____
DEPRECIATION	1.54	1.09	1.95	1.47	____
RENTS	.49	.35	.21	.45	____
GENERAL/ADMINISTRATIVE INSURANCE	.15	.36	.39	.20	____
TAXES*	.26	.19	.19	.24	____
ALL OTHER EXPENSES	12.70	8.08	8.14	11.70	____
TOTAL EXPENSES	93.82	96.70	96.61	94.44	____
EARNINGS BEFORE TAXES	6.18	3.30	3.39	5.56	____
INCOME TAXES	2.18	.99	1.05	1.92	____
NET EARNINGS	4.00	2.31	2.34	3.64	____

* Other than Social Security and Income Tax

AMERICAN MEAT INSTITUTE

TABLE 6

BREAKDOWN OF PACKERS' AND PACKER/PROCESSORS' 1989 SALES DOLLAR BY SPECIES SLAUGHTERED

ITEM	Cattle Packers or Packer/Processors*	Hog Packers or Packer/Processors*	Your Company
TOTAL SALES	100.00%	100.00%	100.00%
COST OF LIVESTOCK/RAW MATERIALS	89.20	72.19	
SUPPLIES & CONTAINERS	2.00	5.28	
PRODUCTION LABOR	2.75	6.42	
COST OF GOODS SOLD	93.95	83.89	
GROSS MARGIN	6.05	16.11	
OTHER EXPENSES:			
OTHER WAGES AND SALARIES	1.54	3.02	
EMPLOYEE BENEFITS:			
RETIREMENT EXPENSE	.04	.28	
PAYROLL TAXES	.35	.91	
INSURANCE & HOSPITALIZATION	.28	1.08	
ALL OTHER BENEFITS	.11	.81	
TOTAL BENEFITS	.77	3.08	
INTEREST	.37	.49	
DEPRECIATION	.45	1.16	
RENTS	.06	.34	
GENERAL/ADMINISTRATIVE INSURANCE	.23	.89	
TAXES	.05	.15	
ALL OTHER EXPENSES	2.22	4.06	
TOTAL EXPENSES	99.65	97.07	
EARNINGS BEFORE TAXES	.35	2.93	
INCOME TAXES	.19	.53	
NET EARNINGS	.16	2.40	

*Refers to participants whose slaughter of identified species represented at least 75% of their total live weight slaughter.

AMERICAN MEAT INSTITUTE

TABLE 7

BREAKDOWN OF HOG PACKERS' AND PACKER/PROCESSORS' 1989 SALES DOLLAR BY PERCENT OF FRESH MEAT SALES

	Fresh Meat Sales as % of Total Sales			
ITEM	Greater Than 67%	34-66%	Less Than 33%	Your Company
AVERAGE FRESH MEAT SALES AS % OF TOTAL SALES.....	73.21	48.72	4.47	
TOTAL SALES	100.00%	100.00%	100.00%	100.00%
COST OF LIVESTOCK/RAW MATERIALS .	76.76	70.08	46.37	_____
SUPPLIES & CONTAINERS	4.38	5.45	11.55	_____
PRODUCTION LABOR	5.66	7.28	8.12	_____
COST OF GOODS SOLD	86.80	82.82	66.03	_____
GROSS MARGIN	13.20	17.18	33.97	_____
OTHER EXPENSES:				
OTHER WAGES AND SALARIES	2.33	3.25	7.36	_____
EMPLOYEE BENEFITS:				
RETIREMENT EXPENSE	.07	.58	.46	_____
PAYROLL TAXES	.74	1.06	1.47	_____
INSURANCE & HOSPITALIZATION	.98	1.18	1.37	_____
ALL OTHER BENEFITS	.76	.98	.43	_____
TOTAL BENEFITS	2.55	3.80	3.73	_____
INTEREST	.40	.59	.69	_____
DEPRECIATION	.82	1.44	2.34	_____
RENTS	.41	.10	1.00	_____
GENERAL/ADMINISTRATIVE INSURANCE .	1.30	.31	.52	_____
TAXES	.13	.17	.22	_____
ALL OTHER EXPENSES	1.16	6.53	14.62	_____
TOTAL EXPENSES	95.91	99.01	96.50	_____
EARNINGS BEFORE TAXES	4.09	.99	3.50	_____
INCOME TAXES	.36	.65	1.24	_____
NET EARNINGS	3.73	.34	2.26	_____

Sales and Profits by Product Category; Cost of Goods Sold; and Food Service Sales

Processed meats' overall contribution to profitability did not match its contribution to sales in 1989 for either packer/processors or processors. This runs counter to previous surveys which typically show processed meat's share of profits exceeding its share of sales, and may reflect reporting distortions associated with limited participation in the 1989 survey. Despite this incongruity in overall participant averages, the expected relationship between processed meats' contribution to sales and profits holds true in six out of the relevant eight averages when examined by company sales size.

Livestock and/or meat costs are by far and away the largest component of cost of goods sold for all industry participants, but the relative importance of raw material costs declines inversely with the finished product's degree of processing. Thus, packers (who sell mostly fresh product) reported livestock accounting for more than 90 percent of cost of goods sold, while processors and packer/processors reported livestock and/or meat costs accounting for 70-80 percent of cost of goods sold.

Approximately 40 percent of all meat is today sold through food service channels. Brokers and other middlemen account for a significant share of this business, but direct sales to food service from packers and processors are increasing as this market becomes ever more important. Participants' sales to food service as a share of all sales were higher in 1989 than in any previous survey.

AMERICAN MEAT INSTITUTE

TABLE 8

BREAKDOWN OF 1989 SALES AND PROFITS BY PRODUCT CATEGORY

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	Your Company
Product Category:		Source of Sales			
Fresh Meat & By-products	.00%	.77%	14.17%	3.65%	_____%
Processed Meats	.00%	99.23%	85.13%	96.20%	_____%
Non-Meat Products	.00%	.00%	.69%	.15%	_____%
	.00%	100.00%	100.00%	100.00%	100.00%
		Source of Profits			
Fresh Meat & By-products	.00%	2.81%	30.00%	5.41%	_____%
Processed Meats	.00%	97.19%	70.00%	94.59%	_____%
Non-Meat Products	.00%	.00%	.00%	.00%	_____%
	.00%	100.00%	100.00%	100.00%	100.00%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
Product Category:		Source of Sales			
Fresh Meat & By-products	82.15%	79.51%	79.84%	80.89%	_____%
Processed Meats	17.85%	19.86%	15.77%	18.49%	_____%
Non-Meat Products	.00%	.63%	4.40%	.62%	_____%
	100.00%	100.00%	100.00%	100.00%	100.00%
		Source of Profits			
Fresh Meat & By-products	52.09%	60.07%	40.12%	54.63%	_____%
Processed Meats	47.91%	35.77%	42.15%	43.23%	_____%
Non-Meat Products	.00%	4.16%	17.73%	2.14%	_____%
	100.00%	100.00%	100.00%	100.00%	100.00%

AMERICAN MEAT INSTITUTE

TABLE 8 (Continued)

BREAKDOWN OF 1989 SALES AND PROFITS BY PRODUCT CATEGORY

	PROCESSORS				
COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
Product Category:		**Source of Sales**			
Fresh Meat & By-products	7.28%	14.50%	31.67%	9.39%	____%
Processed Meats	87.80%	79.28%	63.77%	85.50%	____%
Non-Meat Products	4.92%	6.22%	4.56%	5.11%	____%
	100.00%	100.00%	100.00%	100.00%	100.00%
		Source of Profits			
Fresh Meat & By-products	1.51%	2.40%	39.97%	2.82%	____%
Processed Meats	78.85%	95.14%	58.02%	79.81%	____%
Non-Meat Products	19.64%	2.46%	2.01%	17.37%	____%
	100.00%	100.00%	100.00%	100.00%	100.00%

AMERICAN MEAT INSTITUTE

TABLE 9

BREAKDOWN OF COST OF GOODS SOLD, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
Livestock and/or Meat	.00%	65.66%	82.28%	69.76%	_____%
Supplies & Containers	.00%	20.77%	9.85%	18.07%	_____%
Production Labor	.00%	13.57%	7.87%	12.16%	_____%
Total	.00%	100.00%	100.00%	100.00%	100.00%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
Livestock and/or Meat	92.39%	90.54%	89.66%	91.42%	_____%
Supplies & Containers	3.19%	4.24%	3.56%	3.65%	_____%
Production Labor	4.42%	5.22%	6.78%	4.94%	_____%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
Livestock and/or Meat	75.49%	84.63%	77.72%	77.38%	_____%
Supplies & Containers	13.15%	8.56%	12.66%	12.23%	_____%
Production Labor	11.37%	6.81%	9.62%	10.40%	_____%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

AMERICAN MEAT INSTITUTE

TABLE 10

SALES TO FOOD SERVICE AS PERCENT OF TOTAL SALES, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00%	15.07%	32.11%	18.73%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	24.38%	9.32%	33.83%	19.07%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	18.58%	28.71%	23.70%	20.53%	_____%

Earnings Ratios

Pre-tax earnings relative to sales were highest for processors and lowest for packers. Returns on assets and net worth were also highest for processors and lowest for packers, although the disparity here between the two groups was not as pronounced as for return on sales. As a general rule, larger companies in all categories tended to have higher earnings ratios than smaller companies.

AMERICAN MEAT INSTITUTE

TABLE 11

1989 EARNINGS RATIOS

BY COMPANY CLASSIFICATIONS	PRE-TAX EARNINGS TO SALES	PRE-TAX EARNINGS TO ASSETS	PRE-TAX EARNINGS TO NET WORTH
	------Percent------		
PACKER/PROCESSORS	2.30	5.61	10.06
PACKERS	1.56	9.72	19.92
PROCESSORS	5.59	15.79	26.73
Your Company	_____	_____	_____
BY COMPANY SIZE			
PACKER/PROCESSORS			
$100 Million or More	.00	.00	.00
$100 - $25 Million	3.99	13.22	25.34
$25 Million or Less	-3.90	-4.84	-7.99
PACKERS			
$250 Million or More	1.57	10.64	26.67
$250 - $50 Million	1.76	10.04	17.28
$50 Million or Less	.55	3.24	6.53
PROCESSORS			
$100 Million or More	6.21	16.72	28.26
$100 - $25 Million	3.32	11.53	19.02
$25 Million or Less	3.41	11.34	22.31

Current Ratio, Working Capital and Cash Flow

Current ratios typically decline as company sales size increases. Midsize companies in all categories of the 1989 survey, however, reported current ratios larger than their smaller competitors. This probably reflects the smaller companies' higher relative debt more than any undue financial conservatism of the midsize companies.

Receivables' share of current assets rose with sales for all participants except packers in the $50-$250 sales range. The share of current assets comprised of cash -- assumed to equal or approximate "other" current assets -- declined with company sales size for both packers and processors; reporting packer/processors were too few to provide meaningful data on trends in this area.

Cash and receivables for all participants tended to decline relative to current liabilities as company sales size increased.

The effectiveness of working capital in supporting sales generally increased with sales for both packers and processors in 1989. Again, limited data from packer/processors precludes meaningful analysis of this area.

AMERICAN MEAT INSTITUTE

TABLE 12

RATIO OF CURRENT ASSETS TO CURRENT LIABILITIES, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	2.03	1.12	1.56	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	1.82	2.16	1.98	1.96	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	1.47	2.32	2.12	1.60	_____

AMERICAN MEAT INSTITUTE

TABLE 13

PERCENTAGE BREAKDOWN OF CURRENT ASSETS, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
Inventory	.00%	24.06%	61.24%	38.10%	_____%
Receivables	.00%	39.21%	34.63%	37.48%	_____%
Other	.00%	36.73%	4.12%	24.42%	_____%
Total Current Assets	.00%	100.00%	100.00%	100.00%	100.00%
Current Assets as % of Total Assets	.00%	47.44%	39.54%	44.11%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
Inventory	35.37%	32.57%	28.64%	33.63%	_____%
Receivables	53.75%	51.56%	51.95%	52.78%	_____%
Other	10.88%	15.87%	19.41%	13.59%	_____%
Total Current Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Current Assets as % of Total Assets	59.53%	49.84%	66.16%	56.32%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
Inventory	52.33%	29.36%	24.63%	46.55%	_____%
Receivables	42.59%	41.15%	35.65%	41.99%	_____%
Other	5.08%	29.49%	39.73%	11.46%	_____%
Total Current Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Current Assets as % of Total Assets	36.51%	53.96%	53.72%	39.61%	_____%

AMERICAN MEAT INSTITUTE

TABLE 14

RATIO OF CASH* AND RECEIVABLES TO CURRRENT LIABILITIES, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	1.54	.44	.96	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	1.18	1.38	1.42	1.27	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	.70	1.64	1.60	.86	_____

* Assumes cash is equal to current assets less inventory and receivables.

AMERICAN MEAT INSTITUTE

TABLE 15

RATIO OF SALES TO WORKING CAPITAL, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	13.75	28.44	15.46	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	25.28	22.41	17.85	23.27	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	22.50	11.32	11.69	18.50	_____

AMERICAN MEAT INSTITUTE

TABLE 16

RATIO OF INVENTORY TO WORKING CAPITAL, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	.47	5.54	1.07	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	.78	.64	.58	.70	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	1.65	.52	.47	1.24	_____

AMERICAN MEAT INSTITUTE

TABLE 17

RATIO OF RECEIVABLES TO WORKING CAPITAL, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	.77	3.13	1.05	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	1.19	1.01	1.05	1.10	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	1.34	.72	.67	1.11	_____

AMERICAN MEAT INSTITUTE

TABLE 18

AVERAGE COLLECTION PERIOD IN DAYS, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	20.51	40.23	24.74	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	17.19	16.18	21.43	17.20	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	21.73	23.34	21.03	21.99	_____

AMERICAN MEAT INSTITUTE

TABLE 19

PRE-TAX EARNINGS AND DEPRECIATION AS PERCENT OF SALES, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00%	6.53%	1.02%	5.35%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	2.15%	2.67%	1.44%	2.30%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	7.71%	4.39%	5.34%	7.03%	_____%

AMERICAN MEAT INSTITUTE

TABLE 20

DEPRECIATION AS PERCENT OF PRE-TAX EARNINGS, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00%	64.57%	-126.39%	134.04%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	37.27%	51.86%	159.92%	47.55%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	24.86%	32.94%	57.45%	26.51%	_____%

Sales and Net Worth Ratios

Packers reported the highest trading ratio (sales to net worth) and sales turn (sales to assets) of all participant categories. On average, every dollar of packer's net worth supported almost $13 of sales, approximately 3 times that reported by processors and packer/processors. Similarly, packer assets supported 3 times the sales of processor and packer/processor assets. It is worth nothing that packer trading ratios in 1989 were less than half what they were in 1988 while their sales turns were off by a fourth. This doesn't reflect any loss in packer efficiency so much as a different and much smaller survey participant base in 1989.

Packer's higher trading ratios reflect their comparatively low net worth positions. While higher than in previous surveys, packer's 1989 net worth relative to assets was still below those for processors and packer/processors.

AMERICAN MEAT INSTITUTE

TABLE 21

RATIO OF SALES TO NET WORTH, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	6.35	2.05	4.38	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	17.02	9.79	11.80	12.75	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	4.42	5.73	6.54	4.67	_____

AMERICAN MEAT INSTITUTE

TABLE 22

RATIO OF SALES TO TOTAL ASSETS, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	3.31	1.24	2.44	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	6.79	5.69	5.85	6.22	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	2.61	3.47	3.32	2.76	_____

AMERICAN MEAT INSTITUTE

TABLE 23

RATIO OF SALES TO FIXED ASSETS*, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	6.30	2.06	4.36	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	16.78	10.81	17.30	13.75	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	4.11	7.54	7.18	4.57	_____

* Non-current assets used as proxy for fixed assets.

AMERICAN MEAT INSTITUTE

TABLE 24

RATIO OF SALES TO INVENTORY, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	29.01	5.13	14.51	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	32.26	35.70	30.89	33.30	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	13.67	21.91	25.12	14.97	_____

AMERICAN MEAT INSTITUTE

TABLE 25

NET WORTH AS PERCENT OF TOTAL ASSETS, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00%	52.16%	60.62%	55.73%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	39.90%	58.11%	49.61%	48.81%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	59.16%	60.62%	50.81%	59.08%	_____%

AMERICAN MEAT INSTITUTE

TABLE 26

RATIO OF FIXED ASSETS* TO NET WORTH, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	1.01	1.00	1.00	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	1.01	.91	.68	.93	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	1.07	.76	.91	1.02	_____

* Non-current assets used as proxy for fixed assets.

AMERICAN MEAT INSTITUTE

TABLE 27

RATIO OF LIABILITIES TO NET WORTH, 1989

CURRENT LIABILITIES TO NET WORTH

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	.45	.58	.51	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	.82	.38	.67	.57	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	.42	.38	.50	.42	_____

AMERICAN MEAT INSTITUTE

TABLE 27 (Continued)

RATIO OF LIABILITIES TO NET WORTH, 1989

TOTAL LIABILITIES TO NET WORTH

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00	.92	.65	.79	_____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	1.51	.72	1.02	1.05	_____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	.69	.65	.97	.69	_____

AMERICAN MEAT INSTITUTE

TABLE 28

SELLING AND ADMINISTRATIVE EXPENSES AS PERCENT OF SALES, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00%	21.27%	6.20%	18.03%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	2.90%	3.00%	3.99%	3.03%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	7.22%	6.62%	8.31%	7.15%	_____%

AMERICAN MEAT INSTITUTE

TABLE 29

REPAIRS AND MAINTENANCE EXPENSES AS PERCENT OF SALES, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00%	1.26%	1.17%	1.24%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	.95%	.73%	.97%	.86%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	2.20%	1.13%	1.72%	1.99%	_____%

AMERICAN MEAT INSTITUTE

TABLE 30

ADVERTISING AND PROMOTION EXPENSES AS PERCENT OF SALES, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00%	11.11%	1.75%	9.10%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	.49%	.21%	.13%	.35%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	9.75%	2.38%	1.44%	8.14%	_____%

AMERICAN MEAT INSTITUTE

TABLE 31

BREAKDOWN OF ADVERTISING AND PROMOTION EXPENSES, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
Advertising Expenses	.00%	30.74%	55.15%	31.74%	_____%
Promotion Expenses	.00%	69.26%	44.85%	68.26%	_____%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
Advertising Expenses	46.14%	55.37%	82.92%	49.59%	_____%
Promotion Expenses	53.86%	44.63%	17.08%	50.41%	_____%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
Advertising Expenses	19.02%	32.71%	40.12%	19.86%	_____%
Promotion Expenses	80.98%	65.50%	45.36%	79.95%	_____%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%

AMERICAN MEAT INSTITUTE

TABLE 32

CAPITAL EXPENDITURES AS PERCENT OF SALES, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00%	4.51%	1.35%	3.83%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	1.29%	2.70%	1.09%	1.85%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	3.72%	40.50%	3.91%	10.24%	_____%

AMERICAN MEAT INSTITUTE

TABLE 33

CAPITAL EXPENDITURES AS PERCENT OF FIXED ASSETS*, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00%	28.42%	2.77%	16.73%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	21.63%	29.25%	18.56%	25.35%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	15.57%	305.43%	25.86%	47.57%	_____%

* Non-current assets used as proxy for fixed assets.

AMERICAN MEAT INSTITUTE

TABLE 34

PRODUCTION LABOR AS PERCENT OF TOTAL WAGES AND SALARIES,1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00%	53.00%	45.12%	51.56%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	63.87%	72.68%	67.59%	67.81%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	62.18%	54.92%	62.94%	61.17%	_____%

AMERICAN MEAT INSTITUTE

TABLE 35

PRODUCTION EMPLOYEES AS PERCENT OF TOTAL EMPLOYEES, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
	.00%	65.33%	75.42%	67.46%	_____%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
	82.07%	77.78%	80.66%	80.08%	_____%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
	75.11%	68.36%	69.21%	73.94%	_____%

AMERICAN MEAT INSTITUTE

TABLE 36

SALES PER EMPLOYEE, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
Sales/Production Employee (Ths. $)	$ .00	$ 186.97	$ 165.43	$ 181.89	$ _____
Sales/Employee, All (Ths. $)	$ .00	$ 122.14	$ 124.76	$ 122.70	$ _____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
Sales/Production Employee (Ths. $)	$ 467.48	$ 420.53	$ 281.19	$ 426.38	$ _____
Sales/Employee, All (Ths. $)	$ 383.64	$ 344.07	$ 224.88	$ 347.67	$ _____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
Sales/Production Employee (Ths. $)	$ 247.50	$ 362.18	$ 254.26	$ 262.86	$ _____
Sales/Employee, All (Ths. $)	$ 187.65	$ 247.59	$ 175.97	$ 195.79	$ _____

AMERICAN MEAT INSTITUTE

TABLE 37

SALES PER LABOR DOLLAR, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
Sales per Dollar of:					
Production Labor	$ .00	$ 11.65	$ 16.74	$ 12.46	$ ____
Total Wages and Salaries	$ .00	$ 6.17	$ 7.55	$ 6.43	$ ____
Total Labor Costs*	$ .00	$ 4.97	$ 6.41	$ 5.23	$ ____

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
Sales per Dollar of:					
Production Labor	$ 25.08	$ 22.18	$ 16.91	$ 23.00	$ ____
Total Wages and Salaries	$ 16.02	$ 16.16	$ 11.43	$ 15.52	$ ____
Total Labor Costs*	$ 12.61	$ 12.07	$ 9.58	$ 12.07	$ ____

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
Sales per Dollar of:					
Production Labor	$ 12.63	$ 18.49	$ 13.42	$ 13.43	$ ____
Total Wages and Salaries	$ 7.90	$ 10.15	$ 8.45	$ 8.25	$ ____
Total Labor Costs*	$ 5.85	$ 7.92	$ 6.45	$ 6.16	$ ____

*Includes total wages, salaries and employee benefits.

AMERICAN MEAT INSTITUTE

TABLE 38

EMPLOYEE BENEFITS AS PERCENT OF TOTAL LABOR COSTS*, 1989

PACKER/PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $500	$250-$50	Under $50	AVG.	Your Company
Retirement	.00%	2.26%	.62%	1.97%	_____%
Payroll Taxes	.00%	7.82%	8.09%	7.87%	_____%
Insurance & Hospitalization	.00%	6.80%	6.27%	6.71%	_____%
Other Benefits	.00%	2.55%	.11%	2.12%	_____%
Total	.00%	19.42%	15.10%	18.67%	100.00%

PACKERS

COMPANY SALES SIZE (Mil. $)	Over $250	$250-$50	Under $50	AVG.	
Retirement	.85%	3.05%	1.20%	1.70%	_____%
Payroll Taxes	7.12%	7.46%	5.83%	7.10%	_____%
Insurance & Hospitalization	7.90%	8.52%	6.60%	7.98%	_____%
Other Benefits	5.44%	6.24%	2.54%	5.41%	_____%
Total	21.31%	25.28%	16.16%	22.18%	100.00%

PROCESSORS

COMPANY SALES SIZE (Mil. $)	Over $100	$100-$25	Under $25	AVG.	
Retirement	2.36%	2.35%	3.54%	2.41%	_____%
Payroll Taxes	7.89%	6.47%	6.30%	7.62%	_____%
Insurance & Hospitalization	8.72%	9.72%	8.35%	8.85%	_____%
Other Benefits	6.97%	3.47%	5.49%	6.42%	_____%
Total	25.94%	22.01%	23.69%	25.29%	100.00%

*Includes total wages, salaries and employee benefits.